

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

In the Matter of:)
Post Office at)
Sundance Plaza Station) Docket No. A2010-2
(Don Ciavarra, Petitioner))

NOTICE OF UNITED STATES POSTAL SERVICE
(February 1, 2009)

By means of Order No. 395 (January 21, 2010), the Postal Regulatory Commission docketed correspondence from an employee of the Steamboat Springs Post Office in Colorado, assigning docket number A2010-2, as an appeal pursuant to 39 U.S.C. § 404(d). That Order, at page 3, set February 1, 2009, as the date by which “The Postal Service shall file the administrative record in this appeal, or otherwise file a responsive pleading to the appeal.” This pleading responds to that directive.

The Postal Service has no final administrative record supporting the discontinuance of the Sundance Plaza station, which was and is supervised by the postal officials in the Steamboat Springs Post Office.¹ Nor has any final decision been made. Should the Postal Service conclude that discontinuance of the Sundance Plaza station is appropriate, that decision would be based upon an administrative record of the type that the Commission has seen various examples of in PRC Docket No. N2009-1, Station and Station Optimization and Consolidation Initiative, 2009.²

As the Commission is well aware, the Postal Service understands that the Commission lacks subject matter jurisdiction under 39 U.S.C. §404(d) to review Postal Service decisions regarding the discontinuance of stations and branches. *See generally* Reply Brief of the United States Postal Service (December 16, 2009), section III (pp. 6-

¹ The newspaper articles filed by Petitioner report various steps that could be—and are—pursuant to an ongoing discontinuance study.

² See, e. g., four library references filed in that docket: USPS-LR-N2009-1-14 through USPS-LR-N2009-1-17.

12), PRC Docket No. N2009-1.³ The Postal Service has not, however, discontinued the Sundance Plaza facility; as confirmed by certain of the documentation supplied by the nominal Petitioner; retail operations have been suspended⁴ while Post Office box service continues to be provided.⁵

While the Postal Service could file a motion to dismiss this proceedings, it would resemble that filed in the Hacker Valley case, PRC Docket No. A2009-1, supplemented by material resembling the section of its Reply Brief in PRC Docket No. N2009-1, *supra*. History suggests such an act would not be constructive.⁶ In this matter, however, Petitioner, a postal employee—as he readily acknowledges— fails to allege facts that constitute a condition precedent to any jurisdiction that the Commission can claim under section 404. 39 U.S.C. § 404(d)(5). As such, the Commission can dismiss this matter *sua sponte*.

The best understanding of the facts in this matter appear in the Attachment to this pleading, which consists of a letter written to the United States Senators of Colorado. The situation in Steamboat Springs is developing rapidly, but as reflected in the Attachment, seems to be developing in the direction of coordination, transparency, and, we can hope, consensus.

The Postal Service is unable to state, at this time, what the outcome in Steamboat Springs will be. The Commission may want to consider whether these

³ The Commission appears to have recognized that the attempted appeal in this docket relates to a station rather than a Post Office. *Compare* Notice of Erratum (January 15, 2010) (caption identifies “Steamboat Springs Post Office” as the target facility) *with* Order No. 395 (January 21, 2010) (identifies target facility as “Sundance Post Office” in “Steamboat Springs, CO”).

⁴ Counsel is informed that a suspension notice was generated and sent to Postal Service Headquarters.

⁵ Counsel is informed that a lease is in place for the space occupied by Post Office box operations, while the leasehold underlying retail operations has ended. The overall situation is more complicated than that reflected in the materials filed by Petitioner. The simplest way of affording the Commission any comprehensive understanding at this point is by attaching a letter sent to Colorado Senator Mark Udall (with the same content sent in a separate letter to Colorado Senator Michael Bennett) by Postal Service Government Relations on January 22, 2010.

⁶ See, e.g., PRC Order No. 319 (October 19, 2009).

events should become part of docket PI2010-1. But Commission assertion of jurisdiction at this time does not appear likely to benefit the situation, postal customers, or the Postal Service.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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January 22, 2010

The Honorable Mark Udall
United States Senate
Washington, DC 20510-0001

Dear Senator Udall:

This is in response to your January 11 letter to Postmaster General John E. Potter, cosigned by Senator Michael Bennet, regarding the decision of the Colorado/Wyoming District to consolidate retail services of Sundance Plaza Station with those of the Main Post Office (MPO) in Steamboat Springs effective January 15, 2010.

I appreciate your comments about the outstanding service provided to our customers in Steamboat Springs by the U.S. Postal Service. This can be attributed to our dedicated management and postal employees in Colorado, who continue to do an outstanding job of managing our business in these difficult economic times, without sacrificing service for our customers.

In the face of the current difficult economic climate, the Postal Service is pursuing solutions and strategies to mitigate the impact of the unprecedented mail volume declines we experienced during fiscal years (FY) 2008 and 2009. We anticipate that mail volume and revenue will continue to decline during FY2010. Our efforts to boost productivity and become more efficient in everything we do have also focused on making sure our processing, delivery and retail networks are as streamlined as possible.

I recognize your interest in ensuring that your constituents continue to have convenient access to retail postal services in Steamboat Springs. As you are aware, the Postal Service is a self-supporting agency that funds its operations from the revenue generated by the sales of our products and services—not taxpayer subsidies received through the Congressional appropriations process. Making prudent operational decisions therefore requires that we make the most efficient use of our resources.

Most customers and stakeholders in Steamboat Springs are in agreement that a consolidated facility is capable of continuing to provide a high level of customer service, and there is continued support for the plans of a local developer to construct a new, consolidated facility for the Postal Service by 2011. In the meantime, the MPO has 14,638 sq ft available for use by the Postal Service, of which MPO operations are only utilizing 11,122 sq ft. The remaining 3,516 square feet is vacant. Since the space requirement for the entire Sundance Plaza Station operation, encompassing both retail and Post Office boxes, was 3,536 sq ft, the vacant MPO space could absorb these operations immediately. This would allow us to consolidate all of our Steamboat Springs operations into one facility, resulting in immediate cost savings.

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Since the MPO would have sufficient space to accommodate a consolidated operation immediately, we announced our intention to move ahead with those plans once our lease for the Sundance Plaza Station expired in December 2009. Contributing to that decision was also the fact that we could not agree on terms for a new lease of the entire Sundance Plaza Station site.

After listening to the concerns of City officials and customers about a negative impact on traffic flow, we agreed to attempt to negotiate a new lease agreement at the Sundance Plaza Station site for a reduced amount of space, which would be sufficient to retain all of the current Post Office boxes located there. This would eliminate an increase in traffic from box holders travelling to the MPO in the future. This decision, including other changes to traffic patterns implemented at the MPO, should address the concerns raised by the community concerning this issue.

We were successful in reaching an agreement with the owner of Sundance Plaza for a temporary extension of our lease for the entire space from the end of December 2009 until January 15, 2010, and for a reduced amount of space from January 15 until March 15, 2010. This allowed us to continue to provide our customers with retail services throughout the busy holiday mailing season. The agreement, however, called for vacating the space used for retail services by January 15 so that the owner could proceed with the remodeling of that space for future rental to other clients.

We are still negotiating to continue to lease 2,468 sq ft for the purpose of providing Post Office box service beyond the temporary extension period, which ends in March 2010. We hope to reach agreement with the site owner soon.

Based on the excess amount of space currently available at the MPO and the need to use our resources wisely, it would also not have made business sense to leave the retail operation in Sundance Plaza until a new consolidated facility became available sometime in the future. We anticipate that 2010 will be yet another challenging year for the Postal Service with an estimated decline in revenue of \$2.2 billion, a net loss of \$7.8 billion, additional cost reductions of more than \$3.5 billion, and a reduction in mail volume of 11 billion pieces for the year. The Postal Service must continue to move aggressively to meet the challenges posed by the current economic downturn. The decision to consolidate retail services in Steamboat Springs at the MPO now, while continuing to provide a high level of customer service, saves the Postal Service approximately \$50,000 a year in lease and maintenance costs.

I hope this information is helpful. If I can be of assistance in other postal matters, please let me know.

Sincerely,



Mico Milanovic
Government Relations Representative